

Message Text

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FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 7858
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INFO AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO
AMEMBASSY CARACAS

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EO 11652 NA
TAGS PFOR PO BR
SUBJECT: PORTUGUESE PRESIDENT EANES VISITS BRAZIL

REF: LISBON 3592

1. SUMMARY: PORTUGUESE PRESIDENT ANTONIO RAMALHO EANES VISITED BRAZIL MAY 22-27. HE WAS CORDIALLY, AND SOMETIMES WARMLY, RECEIVED AT EVERY STAGE OF HIS ITINERARY. WHILE RELATIVELY LITTLE OF SUBSTANCE WAS EITHER EXPECTED BY THE GOB, OR ACCOMPLISHED, THE PRINCIPAL AND SUCCESSFULLY PURSUED THEME OF HIS VISIT CONCERNED NORMALIZATION OF POLITICAL RELATIONS BETWEEN PORTUGAL AND BRAZIL, WHICH WERE SEVERELY STRAINED AFTER THE 1974 PORTUGUESE REVOLUTION. EANES USED MEETINGS WITH PRESIDENT GEISEL, PRESIDENT-DESIGNATE FIGUEIREDO, AND PORTUGUESE CITIZEN GROUPS IN RIO AND SAO PAULO, AS WELL AS ADDRESS BEFORE A JOINT SESSION OF BRAZILIAN NATIONAL CONGRESS TO ATTEMPT TO LEGITIMIZE PORTUGAL'S DEMOCRACY IN THE FACE OF STILL SUSPICIOUS BRAZILIAN LEADERS AND LARGE RESIDENT PORTUGUESE COMMUNITY. THE VISIT'S LIMITED CONCRETE ACCOMPLISHMENTS INCLUDED THE RESOLUTION OF TWO NATIONALIZATION PROBLEMS, THE SIGNING OF THREE ECONOMIC COOPERATION AGREEMENTS AND THE RAISING BY THE BANK OF BRAZIL OF ITS LINE OF CREDIT TO PORTUGAL FROM \$50 TO \$70 MILLION.
END SUMMARY

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2. PORTUGUESE PRESIDENT ANTONIO RAMALHO EANES LED LARGE DELEGATION INCLUDING HIS WIFE, FOREIGN AFFAIRS AND FINANCE PLANNING MINISTERS,

CIVILIAN HOUSEHOLD CHIEF AND OTHER OFFICIALS ON FIRST VISIT TO BRAZIL OF HIGH PORTUGUESE LEADER SINCE PREMIER MARIO SOARES' TRIP IN DECEMBER 1976. PRE-VISIT BRAZILIAN PRESS COVERAGE CORRECTLY GAUGED THE POLITICAL-SYMBOLIC IMPORTANCE OF THE TRIP FOR PORTUGAL, WHOSE RELATIONS WITH BRAZIL HAVE BEEN COOL SINCE 1974 PORTUGUESE REVOLUTION. OUTSTANDING ISSUES AND RESENTMENTS STEMMING FROM PORTUGUESE NATIONALIZATIONS OF BRAZILIAN PROPERTIES, FLIGHT OF THOUSANDS OF PORTUGUESE TO BRAZIL, AND THE INGRAINED ANTI-LEFTIST SENTIMENTS OF BRAZIL'S MILITARY GOVERNMENT WERE NOT SIGNIFICANTLY AMELIORATED AT SOARES' 1976 VISIT. ACCORDING TO PORTUGUESE EMBASSY SOURCE, SOARES WAS PROBABLY TOO CLOSELY IDENTIFIED BY GOB AND PORTUGUESE COLONY IN BRAZIL AS REPRESENTATIVE OF THE REVOLUTIONARY SOCIALISM THAT APPEARED TO BE RUINING PORTUGAL IMMEDIATELY AFTER APRIL 1974.

3. PRESIDENT EANES TOOK ADVANTAGE OF HIS IMAGE AS NON-PARTISAN HEAD OF STATE AND CHIEF OF PORTUGUESE ARMED FORCES BY STRESSING NORMALIZATION AND RECONCILIATION AS PRINCIPAL THEMES OF VISIT. HE SET THE TONE IN MAY 11 ANNOUNCEMENT THAT FORMER PRESIDENT AMERICO THOMAS, LIVING IN EXILE IN RIO DE JANEIRO AND FINANCIALLY SUPPORTED BY BRAZILIAN PORTUGUESE COMMUNITY, WOULD BE ALLOWED TO RETURN HOME WITHOUT FEAR OF PROSECUTION (REFTEL. EANES' FIRST MAJOR SPEECH--AT MAY 22 WELCOMING BANQUET HOSTED BY PRESIDENT GEISEL--STRESSED THE HISTORIC CULTURAL BONDS LINKING THE TWO PORTUGUESE SPEAKING COUNTRIES AND REVIVED THE IDEA OF THE DESIRABILITY OF A "COMMUNITY OF CULTURES" LINKING PORTUGAL, BRAZIL, AND FORMER PORTUGUESE COLONIES IN AFRICA. SUCH A COMMUNITY, SAID EANES, WOULD LIMITED OFFICIAL USE

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HELP TO OVERCOME "MARKET BARRIERS AND THE SELFISH INTERESTS OF STATES" AS WELL AS TO PREVENT "FOREIGN INTERESTS FROM PERVERTING OUR BASIC COMMON VALUES BY FORCE," THE LATTER REFERRING TO THE PERCEIVED DANGER OF COMMUNISM BOTH IN PORTUGAL AND IN AFRICA.

4. BY CONTRAST, PRESIDENT GEISEL'S EARLIER SPEECH WAS MORE RESTRAINED,

AND FOCUSSED ON PROSPECTS FOR BILATERAL ECONOMIC COOPERATION, NOTING IN PARTICULAR THE NEED TO

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RESOLVE OUTSTANDING ISSUES REGARDING MUTUAL INVESTMENTS. WHILE
PAYING PRO-FORMA LIP SERVICE TO BRAZILIAN-PORTUGUESE CULTURAL
TIES GEISEL SKIRTED QUESTION OF AFRICA BY NOTING ONLY THAT
BRAZIL FOLLOWED EVENTS THERE "WITH SPECIAL INTEREST." GOB OFFICIALS
SUBSEQUENTLY REACTED COOLLY TO EANES' LUSO-AFRO-BRAZILIAN COMMUNITY
IDEA. FONMIN SILVEIREA, FOR INSTANCE, SAID THE INITIATIVE SHOULD
COME FROM THE AFRICANS THEMSELVES.

5. EANES' PRIVATE TALKS WITH GEISEL WERE TERMED FRUITFUL BY PRESS,
WHICH NOTED THAT THE FIRST ONE LASTED ALMOST TWO HOURS. THEIR
COMMUNIQUE, HOWEVER, WAS LONG ON RHETORIC BUT SHORT ON ACCOMPLISH-
MENTS EXCEPT IN ECONOMIC AREA. IT EXPRESSED CONCERN OVER THE -UNJUSTI-

FIED RESURGENCE" OF PROTECTIONISM IN WORLD TRADE, CALLED FOR
WIDENING OF MARKET ACCESS FOR EXPORTS FROM DEVELOPING COUNTRIES,
REITERATED STATEMENTS BY BOTH PRESIDENTS URGING REACTIVATION
OF NORTH-SOUTH DIALOGUE, AND REAFFIRMED PRINCIPLE OF INALIENABLE
STATE SOVEREIGNTY OVER NATURAL RESOURCES, INCLUDING THOSE CONTAINED
IN SEABED AND UNDER-SEABED.

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6. ONE TOPIC LARGELY IGNORED IN COMMUNIQUE WAS AFRICA. THE TWO
PRESIDENTS CONDEMNED APARTHEID IN SOUTH AFRICA AND EXPRESSED
SUPPORT FOR SELF-DETERMINATION IN NAMIBIA AND ZIMBABWE, BUT EVIDENTLY
COULD NOT AGREE ON A JOINT STATEMENT CONCERNING FOREIGN MILITARY
INTERVENTION IN THAT CONTINENT. AT A MAY 24 PRESS CONFERENCE,
EANES SAID CUBAN AND SOVIET ACTIVITIES IN AFRICA WERE NOT RAISED
WITH GEISEL. HE ADDED THAT CUBAN SOLDIERS ARE IN ANGOLA BECAUSE
OF LATTER'S INDEPENDENT AND SOVEREIGN DECISION AND THAT PORTUGAL
COULD NOT COMMENT ON IT. OFFICIAL GOB POSITION, ON THE CONTARY,
HAS BEEN TO CONDEMN ALL FOREIGN MILITARY INTERVENTION IN AFRICA.

7. ECONOMIC ACCOMPLISHMENTS OF EANES' VISIT TO BRAZIL WERE:

(A) ONE-YEAR EXTENSION OF BANK OF BRAZIL'S LINE OF CREDIT TO PORTUGAL AND INCREASE OF CREDIT CEILING FROM US \$50 TO US\$70 MILLION. (B) AGREEMENT TO CONTINUE NEGOTIATIONS CONCERNING CLAIMS OF BRAZILIAN FIRMS AGAINST PORTUGUESE GOVERNMENT FOLLOWING 1974 NATIONALIZATIONS. INTER-GOVERNMENTAL CONTACT GROUP WILL CONTINUE DISCUSSIONS TO SETTLE OUTSTANDING CLAIMS BY THE NATIONALIZED BRAZILIAN COMPANIES-- GRAO-PARA, SUPERMERCADOS PAO DE ACUCAR (SEE COMMENT), AND CELULOSE DE TEJO. AGREEMENT WAS REACHED BETWEEN NATIONALIZED BRAZILIAN BANK UNIBANCO AND BANCO PORTUGUESE DO ATLANTICO. (C) BILATERAL AERONAUTICAL AGREEMENT. (D) BILATEAL MARITIME TRANSPORTATION AGREEMENT WHICH CALLS FOR FREE ACCESS TO PORTS OF TWO COUNTRIES AND SIMPLIFICATION OF CUSTOMS REGULATIONS. BOTH COUNTRIES AGREED TO ESTABLISH NEW SHIPPING TARIFFS IN ORDER TO ELIMINATE DISCRIMINATORY CARGO TRANSPORTATION PRACTICES. A JOINT COMMISSION WILL MEET ANNUALLY TO REVIEW EXECUTION OF THIS ACCORD.

8. IN UNPRECEDENTED 45-MINUTE MEETING ON MAY 23, EANES RECEIVED GOB PRESIDENT-DESIGNATE JOAO BAPTISTA FIGUEIREDO AT THE PORTUGUESE EMBASSY. EACH GOVERNMENT GAVE ITS OWN VERSION OF THE MEETING-THE PORUGUESE CLAIMING THAT IT TOOK PLACE ON THE INITIATIVE LIMITED OFFICIAL USE

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OF THE GOB, AND THE GOB CLAIMING THE OPPOSITE. IN RESPONSE TO A QUESTION POSED AT THE MAY 24 PRESS CONFERENCE, EANES REFUSED TO SHED LIGHT EITHER ON THE MOTIVES BEHIND THE MEETING OR ON THE SUBJECT MATTER DISCUSSED. HE WOULD ONLY SAY THAT FACT THAT FIGUEIREDO WAS THE ONLY RECOGNIZED PRESIDENTIAL CANDIDATE--AND HENCE THE NEXT PRESIDENT OF BRAZIL--MADE SUCH A MEETING LOGICAL AND APPROPRIATE. EANES EXTENDED INVITATION TO GEISEL FOR BRAZILIAN PRESIDENT TO VISIT PORTUGAL, WHICH THOUGH ACCEPTED BY GEISEL WILL LIKELY BE FULFILLED BY HIS SUCCESSOR.

9. SPEAKING TO A JOINT SESSION OF CONGRESS, EANES FOCUSSED ON PORTUGUESE REVOLUTION'S ESTABLISHMENT OF PLURALIST,

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REPRESENTATIVE DEMOCRACY AND REJECTION OF PORTUGAL'S DICTATORIAL AND COLONIALIST PAST. EANES AFFIRMED THAT POLITICAL AND ECONOMIC CHAOS IMMEDIATELY FOLLOWING THE REVOLUTION HAD BEEN TEMPORARY ABERRATION AND THAT REVOLUTION'S GAINS WERE BEING CONSOLIDATED AND STRENGTHENED. HIGH POINT OF EANES' SPEECH, WHICH EARNED HIM SUSTAINED APPLAUSE FROM THE OPPOSITION MDB, WAS HIS DECLARATION THAT PORTUGAL HAD NO POLITICAL PRISONERS AND THAT ALL POLITICAL EXILES WERE WELCOME TO RETURN HOME.

10. FINAL LEG OF THE EANES VISIT TOOK HIM TO SAO PAULO AND RIO DE JANEIRO, WHERE HIS PRINCIPAL TASK WAS TO WOO THE 1.5 MILLION-STRONG PORTUGUESE CONOMY, MANY OF WHOM HAVE VIEWED THEMSELVES AS EXILES FROM PORTUGAL SINCE THE 1974 REVOLUTION. IN THIS TASK HE APPREARED TO BE HIGHLY SUCCESSFUL. HE RECEIVED EFFUSIVE WELCOME IN RIO AND REITERATED HIS INVITATION FOR ALL PORTUGUESE TO RETURN TO PORTUGAL. EANES RESPONDED POSITIVELY TO APPEAL BY ARTHUR DOS SANTOS PEREIRA, HEAD OF FEDERATION OF PORTUGUESE AND LUSO-BRAZILIAN ASSOCIATIONS, TO ALLOW EXILED PREMIER MARCELO CAETANO TO RETURN TO PORTUGAL IF HE WISHED.

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11. COMMENT: THE PORTUGUESE APPEAR TO HAVE CONSIDERED THE VISIT A POLITICAL SUCCESS IN TERMS OF REPAIRING A RELATIONSHIP THAT IS MUCH MORE IMPORTANT TO THEM THAN (EXCEPT IN SYMBOLIC TERMS) IT IS TO BRAZIL. THE BRAZILIAN ATTITUDE TOWARDS THE VISIT WAS ONE OF QUIET SATISFACTION. AMBASSADOR JOAL PAULO RIO BRANCO, CHIEF OF FOREIGN MINISTRY'S EUROPEAN DEPARTMENT, TOLD AMBASSADOR THAT DRAMATIC IMPROVEMENT IN RELATIONS WAS NEITHER ANTICIPATED NOR ACHIEVED, BUT THAT THE ATMOSPHERE OF THE RELATIONSHIP WAS MUCH BETTER. THIS WAS IN PART DUE TO THE FACT THAT THE TWO THORNIEST NATIONALIZATION PROBLEMS HAD BEEN LARGELY WORKED OUT--THOSE INVOLVING UNIBANCO AND PAO DE ACUCAR, WHICH WERE THE ONLY TWO IN WHICH THE BRAZILIAN CAPITAL INVOLVD HAD BEEN REGISTERED WITH THE CENTRAL BANK OF PORTUGAL. RIO BRANCO SAID THE GOB WAS CONFIDENT

THAT THE OTHER FOUR OR FIVE CASES, WHILE NOT OF EASY SOLUTION, WOULD BE WORKED OUT WITHIN A REASONABLE PERIOD. RIO BRANCO ALSO INDICATED THAT BRAZIL WAS SYMPATHETIC TO PORTUGAL'S MOST PRESSING NEEDS: FINANCIAL ASSISTANCE AND SOME FORM OF SUBSTITUTION OF THE VERY FAVORABLE IMPORT SCHEMES PORTUGAL ENJOYED WITH REGARD TO RAW MATERIAL IMPORTS FROM ITS FORMER AFRICAN COLONIES. HOW THIS MIGHT TRANSLATE INTO ACTION IS AT THIS POINT DIFFICULT TO DISCERN. THE TWO COUNTRIES DIFFER, FOR INSTANCE, AS TO THEIR PERSPECTIVES TOWARD PORTUGAL'S POSSIBLE ENTRY INTO THE EUROPEAN COMMUNITY. PORTUGUESE FOREIGN MINISTER SA MACHADO WAS QUOTED AS SAYING THAT PORTUGAL'S ACCEPTANCE INTO THE COMMUNITY WOULD NOT EFFECT BILATERAL TRADE AGREEMENTS WITH BRAZIL. THE GOB FOREIGN MINISTRY DISAGREES WITH THIS VIEW AND BELIEVES THAT PORTUGUESE ENTRY WOULD COMPEL ABANDONMENT OF ALL CURRENT BILATERAL AGREEMENTS. SAYRE

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